

Washington, DC – House Committee on Oversight and Government Reform Chairman Edolphus “Ed” Towns (D-NY, NY-10) joined New York State Attorney General Andrew Cuomo in drawing attention to the compensation practices of Troubled Asset Relief Program (TARP) recipients which have a track record of yielding short-term profits and long-term catastrophes. In a report released today, Attorney General Cuomo calls for immediate action to reform the out-of-touch and risky compensation structure on Wall Street into one that promotes long-term, sustainable growth and actual increases in value.

Chairman Towns, who is conducting an investigation into the financial bailout and lack of oversight of TARP recipients, concurs with Attorney General Cuomo’s conclusion that executive pay last year at bailed-out firms had no relation to executive performance, no relation to managing risk, and no relation to company performance. In addition, through their separate investigations into the financial bailout, Chairman Towns and Attorney General Cuomo have determined that the executive compensation model on Wall Street was a major driver of risky decisions that led directly to the current economic crisis.

“Attorney General Cuomo’s report on executive pay at companies receiving taxpayer bailouts is shocking and appalling,” said Chairman Towns. “Companies that only months ago were facing bankruptcy and sought the help of the Federal government are now paying out billions in compensation – and in some cases without reimbursing taxpayers. This egregious behavior proves that Wall Street still doesn’t get that times have changed and the old way of paying executives is long gone.”

Furthermore, Attorney General Cuomo’s report supports Congressional efforts to reform executive pay practices. This week the House is scheduled to consider H.R. 3269, the “Corporate and Financial Institution Compensation Fairness Act of 2009.” H.R. 3269 will give shareholders a voice on pay levels for top executives, while also providing regulators with the authority to prevent compensation policies that encourage inappropriate risk taking.

In a letter to Attorney General Cuomo, Chairman Towns announced that he intends to hold a hearing after the August recess to examine the Obama administration’s reforms to rein in executive pay practices at companies receiving TARP funding.

“I will hold a hearing in September to review how new restrictions on executive pay for bailout

recipients are being implemented,” said Chairman Towns. I welcome Attorney General Cuomo’s participation in this hearing and his suggestions on what further reform is needed. I also plan to invite Ken Feinberg, the executive pay ‘czar’ to learn more about the Administration’s efforts on this timely issue.”

“I thank Attorney General Cuomo on behalf of our fellow New Yorkers and fellow Americans. His diligence and hard work on this issue contributes further support to our work in Congress to reform executive pay practices,” added Chairman Towns.

Below are copies of the Attorney General’s executive compensation report and the letter from Chairman Towns to Attorney General Cuomo.

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Documents and Links

- [Letter to New York State Attorney General Andrew Cuomo](#)
- [Attorney General Andrew Cuomo's Executive Compensation Report](#)